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Frozen Food Locker and Freezer Provisioning Industry, 1960

Marketing Research Report 545
Farmer Cooperative Service U.S. Department of Agriculture

FARMER COOPERATIVE SERVICE
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Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

This study was conducted under authority of the Agricultural Marketing Act of 1946 (RMA, Title II).

June 1962

Preface

This study is the ninth in a series of industry studies Farmer Cooperative Service has made of the frozen food locker and freezer provisioning industry. The first study was made in 1940 followed by studies in 1941, 1942, 1943, 1944, 1946, 1950, 1955, and this one in 1960.

Farmer Cooperative Service conducted these studies at the request of, and in close cooperation with, the National Institute of Locker and Freezer Provisioners. Further support came from the Refrigerated and Frozen Products Research Advisory Committee, U. S. Department of Agriculture.

L. B. Mann, retired Chief of the Frozen Food Locker Branch, participated in the planning and execution of this study and the preparation of the highlights report -- 1960 Highlights of the Locker and Freezer Provisioning Industry, Marketing Research Report 484, August 1961.

We appreciate the cooperation of operators who returned questionnaires and thus made this study possible. We also appreciate the assistance of Robert Maderia, Executive Director of the National Institute of Locker and Freezer Provisioners, and of Albert Todoroff, Editor and Publisher of Freezer Provisioning Magazine, in providing information on plant locations and in soliciting the cooperation of operators.

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Summary

Changing economic conditions confront managers of frozen food locker and freezer provisioning firms with difficult problems of adjustment. To deal with these problems intelligently, managers need to have basic information on the direction and extent of economic changes occurring in their industry. With this knowledge they can plan programs of action but without it they are handicapped.

This report provides information on industry trends and changes that managers need so they can effectively adjust their operations to changing economic conditions. It also furnishes information on the size and scope of the locker and freezer provisioning industry by national, regional, and other significant classifications. Such information is especially useful to frozen food packers and distributors, homefreezer manufacturers, the industry's trade association, and State and Federal agencies.

At the time of this study, nearly 9,900 frozen food locker and freezer provisioning firms were operating in the United States. Approximately 5 percent of these firms were farmer cooperatives.

The industry has continued to grow when measured by sales, number of patrons served, or pounds of food processed.

Industry sales for 1959 were \$845 million. Of this total meat, poultry, and commercial frozen food amounted to \$550 million -- more than double the

sales volume of 5 years earlier. In addition to food sales, the industry sold homefreezers (\$160 million), custom services (\$118 million), and miscellaneous products and services (\$17 million).

The North Central Regional accounted for 40 percent of total industry sales. This was more than the next two highest regions -- North Atlantic and Pacific -- combined. Average sales per patron, however, were less in the North Central Region than in any other region.

Number of patrons served increased 28 percent between 1954 and 1959 -- 5 million to nearly 6.5 million. The number of locker patrons declined but the decline was more than offset by the increased number of homefreezer patrons. In 1959 the industry served nearly one out of every seven families in the United States.

Firms in towns of 1,000 or less population served an average of 358 patrons compared with an average of 1,173 for firms in cities of over 25,000 people. Thus, although firms in cities of over 25,000 population made up only 14 percent of the industry, they served one-fourth of the patrons.

Meat and poultry processing increased about 200 million pounds from 1954 to 1959. The industry total for 1959 reached 1.8 billion pounds.

Sixty-three percent of the firms each processed 100,000 pounds or more of

meat and poultry. Three-fourths of the firms in the South Atlantic Region processed 100,000 or more pounds of meat and poultry and one-fourth processed 400,000 pounds or more. Conversely, one-half of the firms in the Pacific Region processed less than 100,000 pounds and one-fourth of them less than 25,000 pounds each.

Total net zero space in lockers and homefreezers increased 48 percent from 1955 to 1960. Zero storage space in homefreezers increased more than enough to offset a loss in locker space resulting from a decline in number of firms renting lockers.

Future growth of the locker and freezer

provisioning industry lies mainly in processing and merchandising rather than in renting lockers. This growth will probably come from increased selling in bulk quantities to homefreezer patrons and wholesaling to restaurants, institutions, and other such outlets.

Factors which support continued growth are: (1) Increasing population, (2) rising standard of living, (3) expanding use of homefreezers, (4) increasing number of married women entering the labor force, (5) discontent of some consumers with self-service shopping, (6) growing desire for the convenience of having a variety of readily available frozen foods in the home.

Frozen Food Locker and Freezer Provisioning Industry, 1960

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regions, sizes of towns, and frequency distributions in addition to national totals and averages.

This report aims to provide frozen food locker and freezer provisioners with information on industry trends and changes that will aid them materially in making management plans and decisions. It also furnishes detailed information as to size and scope of the industry for use by frozen food packers and distributors, homefreezer manufacturers, the industry's trade association, and State and Federal agencies.

A condensed report covering the highlights of this 1960 study was prepared and published as Marketing Research Report 484, Highlights and Trends of the Frozen Food Locker and Freezer Provisioning Industry -- 1960.

This report carries more detailed information on the industry. Data are tabulated and analyzed on the basis of

Approximately 4,400 of the 9,875 firms in the industry submitted information for this study. Some 240 of the participating firms were farmer cooperatives. We used this sample of 4,400 locker and freezer provisioning firms to project industry totals.

The report is divided into seven major sections. First, information showing the beginning and development of the industry over the past half century is presented. The next three sections give basic data on the size of the industry in terms of storage capacity, sales, and processing volume. This is followed by a discussion of the processing and merchandising operations performed within the industry. Next is a section on rental and processing rates. The report closes with a discussion of the opportunities for growth and improvements.

Growth of the Industry

Growth of the locker and freezer provisioning industry spans more than half a century. This section will develop the important features of this growth in terms of number and location of firms, homefreezers, ownership, patronage, and employment.

Number of Firms

As early as 1908 farmers on the Pacific Coast began storing meat and other perishable foods by freezing. That was the year Chico (Calif.) Ice and Cold Storage initiated the first frozen food

locker rental service on record. Other early locker plants opened for business at Crete, Nebr., in 1910 and Centralia, Wash., in 1917. These locker plants were affiliated with creameries.

In 1938 the U. S. Department of Agriculture began an annual count of frozen food locker plants. The first official count showed 1,269 plants operating. These were mostly in the Midwest and on the Pacific Coast. During the next 3 years the number of locker plants nearly tripled.

Scarcity of building materials during the years of World War II slowed the industry's growth. After the war locker plants sprang up all over the United States. In early 1951, the industry reached

a peak of 11,600 plants. Since then, it has been adjusting to changing economic conditions. Some inefficient and poorly located firms went out of business while others discontinued their locker operation to devote their resources to another line of business. By January 1960, the number of locker plants had declined to 8,965 (figure 1).

The drop in number of locker plants was partially offset by growth in number of firms that did not rent frozen food lockers. This broadened the scope of the industry to include locker and home-freezer provisioning. The new firms, those without lockers, catered to the needs of homefreezer owners. Over 900 of these firms were operating in January 1960.

Figure 1

*Locker and Freezer
Provisioning Firms
in the U. S.,
1938-1960*

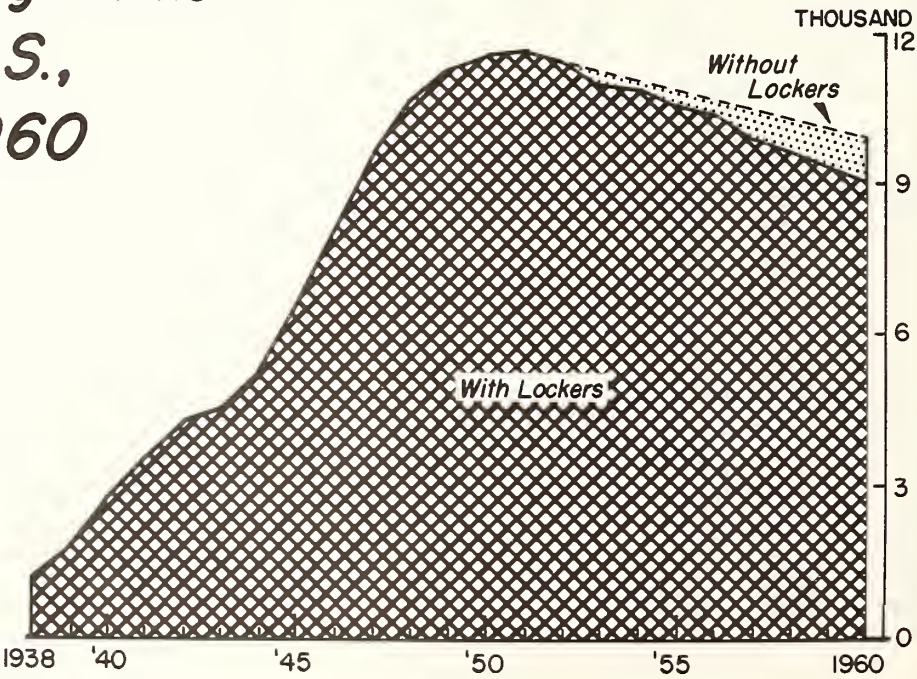


Table 1. - *Estimated number of frozen food locker and freezer provisioning firms and number reporting, by States and regions, January 1960*¹

State and region	Estimated number of firms	Number of firms reporting	State and region	Estimated number of firms	Number of firms reporting
Connecticut	42	25	Alabama	59	29
Maine	21	13	Arkansas	90	39
Massachusetts	² 27	21	Kentucky	111	46
New Hampshire	19	11	Louisiana	² 39	11
New Jersey	42	26	Mississippi	58	29
New York	236	115	Oklahoma	215	86
Pennsylvania	263	118	Tennessee	² 89	49
Rhode Island	5	3	Texas	² 417	169
Vermont	36	13			
	—	—	South Central	1,078	458
North Atlantic	691	345			
			Arizona	44	17
Illinois	431	225	Colorado	256	88
Indiana	384	171	Idaho	120	53
Iowa	689	271	Montana	168	91
Kansas	439	178	Nevada	22	5
Michigan	246	144	New Mexico	53	21
Minnesota	613	283	Utah	115	55
Missouri	390	225	Wyoming	75	31
Nebraska	577	183		—	—
North Dakota	201	80	Mountain	853	361
Ohio	463	166			
South Dakota	179	112	California	612	187
Wisconsin	616	264	Oregon	427	198
	—	—	Washington	565	357
North Central	5,228	2,302		—	—
			Pacific	1,604	742
Delaware	21	6			
Florida	45	29	United States	9,875	4,432
Georgia	85	49			
Maryland	52	24			
North Carolina	98	53			
South Carolina	48	19			
Virginia	56	35			
West Virginia	16	9			
	—	—			
South Atlantic	421	224			

¹States of Alaska and Hawaii not included.
²1959 count - 1960 unavailable.

Note: This count is based on information supplied by State Departments of Agriculture, State Extension Services, National Institute of Locker and Freezer Provisioners, and State locker associations.

Considering both locker and freezer provisioners, the industry numbered 9,875 firms as of January 1960. This represented a decline of 6 percent in number of firms since January 1955.

Location of Firms

Locker and freezer provisioning organizations operated in every State in the Nation in January 1960.¹ The regional distribution of firms in 1960 remained essentially unchanged from 1955 (table 1). The North Central Region still accounted for over 50 percent of the firms. The South Atlantic Region still had the fewest -- 4 percent.

¹This included the States of Alaska and Hawaii. Since statehood had not been conferred at the time this study was initiated, no formal attempt was made to gather information on the locker and freezer provisioning firms in these States.

On a State basis, Iowa had the largest number of firms (689). Wisconsin was second (616) and Minnesota third (613). Rhode Island had the fewest firms (5).

Thirty-three States reported fewer firms in 1960 than in 1955. Eleven reported more. Four indicated no change. The largest drop in number of firms occurred in Iowa which reported a loss of 135. California showed the biggest gain with 151 new firms.

The industry was widely distributed throughout rural America (figure 2). Fifty-three percent of the firms operating in 1960 were serving rural communities of 2,000 or less population. One-third were serving communities of over 2,000 up to 25,000 population. The remaining 14 percent served cities of more than 25,000 people (table 2).

Figure 2

***Locker
and
Freezer
Provisioning
Firms
1960***

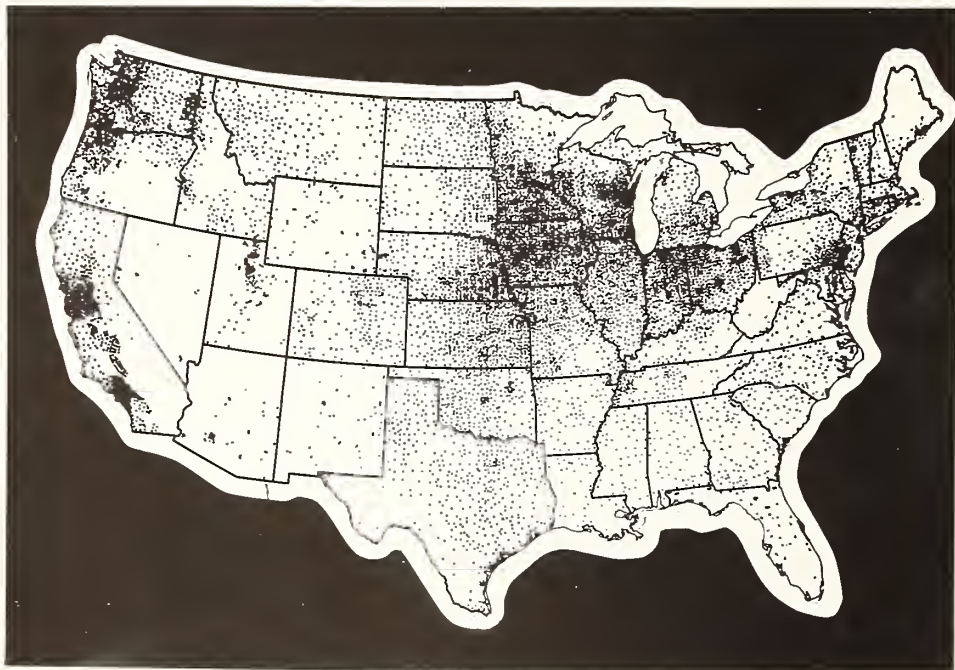


Table 2. - *Frozen food locker and freezer provisioning firms in communities of specified population, by regions, January 1960*

Region	Population of community						Total
	1,000 or under	1,001 - 2,000	2,001 - 5,000	5,001 - 10,000	10,001 - 25,000	Over 25,000	
	Percent						
North Atlantic	24	14	16	14	14	18	100
North Central	49	18	12	7	6	8	100
South Atlantic	8	20	21	16	16	19	100
South Central	15	21	22	15	9	18	100
Mountain	30	15	17	9	11	18	100
Pacific	28	11	16	9	13	23	100
United States	36	17	15	9	9	14	100

After 1955 a shift in proportion of firms by size of town occurred. Compared with 1955 and based on the same census data, the percentage of firms serving the smallest towns (1,000 or less population) declined from 39 to 36 percent while firms serving large cities (over 25,000 population) increased from 11 to 14 percent. This indicates the importance of size of locker and freezer provisioning establishments and their ability to serve expanded and diversified markets.

The North Central Region showed the greatest concentration of firms in small towns. In this region two-thirds of the firms were in towns of 2,000 or less people. At the other extreme was the Pacific Region. It led all other regions in percentage of firms serving cities of over 25,000 people (23 percent). The increased proportion of firms serving large cities can be attributed mainly to rapid consumer acceptance of home-freezers and homefreezer living.

Homefreezers

The rapid growth in number of home-freezers in use has changed the buying and eating habits of millions of Americans. By the end of 1959, more than 11 million

families were using homefreezers to store all or part of their perishable food supply (figure 3). Most of this growth in homefreezer numbers came after the end of World War II. Home-freezers in use numbered about 500,000 in 1946. From then to the end of 1959 the number increased more than 2,200 percent.

On the basis of information obtained for this study, we estimate the capacity of these 11.3 million homefreezers at 161 million cubic feet. This space would hold about 4.8 billion pounds of frozen food at one time -- a tremendous market open to freezer provisioners and others. But this may be just the beginning. Based on 50.6 million wired homes in the United States, "Electrical Merchandising Week" estimated the level of market saturation for homefreezers at 22 percent on January 1, 1960. This points to considerable room for growth.

The locker and freezer provisioning industry made a substantial contribution to the growth in numbers of homefreezers in use. In 1959, it sold approximately 230,000, or one-fifth of the homefreezers sold in the United States that year (table 3).

Figure 3

HOMEFREEZERS

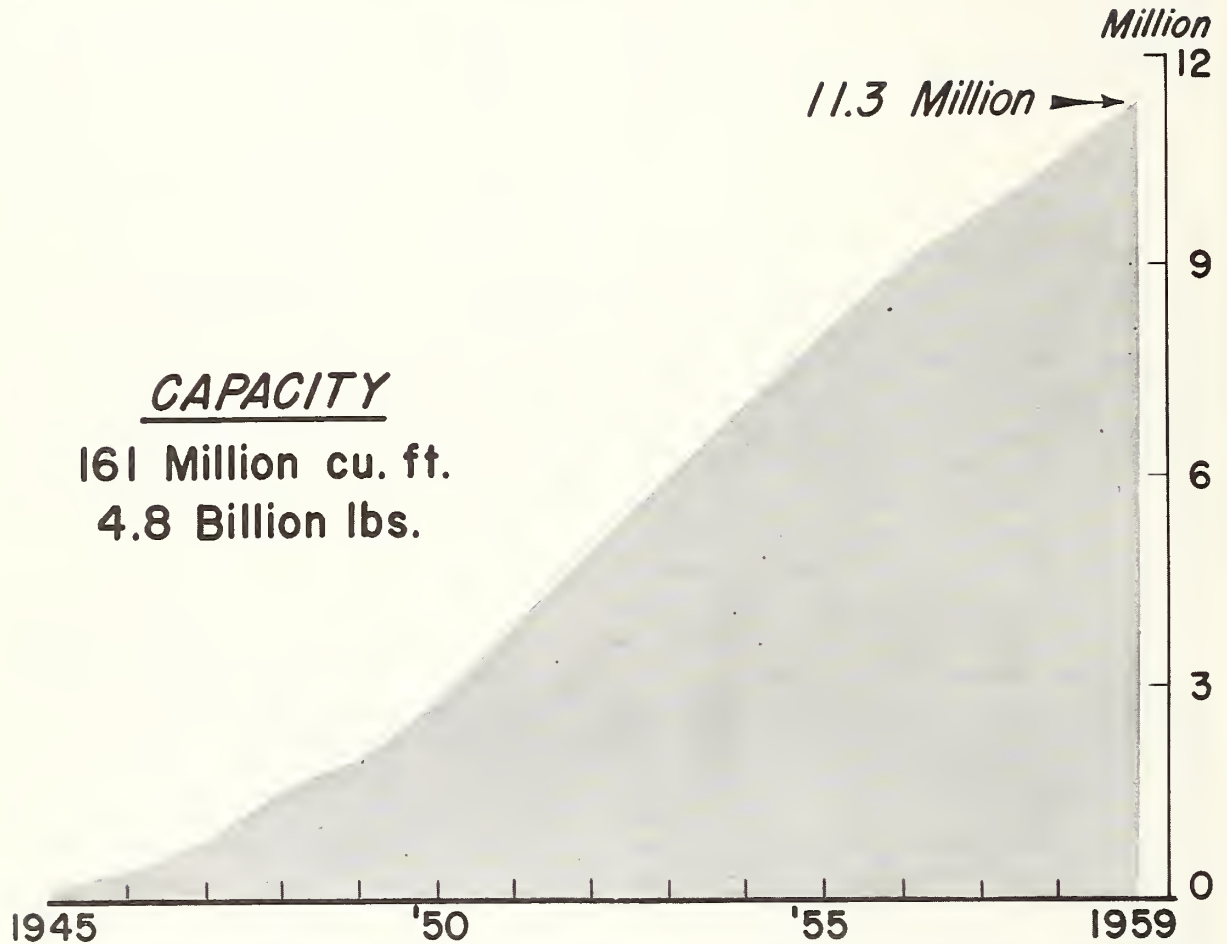


Table 3. - Estimated number of locker and freezer provisioning firms selling homefreezers and estimated number of homefreezers sold, by regions, 1959

Region	Estimated number of firms selling homefreezers	Estimated number of homefreezers sold
North Atlantic	170	35,000
North Central	550	60,000
South Atlantic	90	17,000
South Central	200	45,000
Mountain	140	18,000
Pacific	230	55,000
United States	1,380	230,000

Firms of the North Central Region sold the most homefreezers in total but had the lowest average sales per firm -- 110. The Pacific Region had the highest average sales per firm -- 241 -- and sold nearly as many homefreezers in total as the North Central.

Table 4 shows the sales pattern for homefreezers in the locker and freezer provisioning industry. Over half the firms selling homefreezers sold less than 50 each in 1959. This percentage varied by regions from 30 percent in the South Atlantic Region to 75 percent in the North Central. At the other extreme, 15 percent of the firms selling homefreezers in the South Central Region sold 500 or more per firm.

The percentage of firms in the industry selling homefreezers declined moderately over the past decade. This is shown in the accompanying tabulation:

Year	Percent
1950	17
1955	15
1960	14

The drop in proportion of firms selling homefreezers coupled with the increase in numbers of homefreezers sold led to one conclusion -- fewer firms were selling more homefreezers.

Ownership

Most locker and freezer provisioning establishments continued to be individually owned (table 5). Fifty-eight percent of the firms were individually owned in 1955. That percentage remained unchanged in 1960. However, other types of ownership did change. Partnerships declined from 22 to 20 percent and farmer cooperatives from 6 to 5 percent. General business corporations increased from 14 to 17 percent of the industry.

Three points stood out in an examination of the regional data: (1) Almost half the firms in the South Atlantic Region were general business corporations, (2) farmer cooperatives accounted for 8 percent of the firms in the North Central Region, and (3) only 1 percent of the firms in the Pacific Region were farmer cooperatives.

Table 4. - Percentage of reporting firms selling homefreezers that had indicated volume of homefreezer sales, by regions, 1959

Homefreezer sales	Regions						United States
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	
Percent							
Under 50	47	75	30	44	53	48	57
50 - 99	12	9	28	7	6	14	11
100 - 199	16	5	15	14	21	11	11
200 - 299	10	2	6	15	8	6	6
300 - 399	1	3	6	0	2	4	3
400 - 499	3	1	2	5	0	5	3
500 and over	11	5	13	15	10	12	9
	100	100	100	100	100	100	100

Table 5. - *Percentage of frozen food locker and freezer provisioning firms by type of ownership and by regions, January 1960*

Region	Type of ownership			
	Individual	Partnership	General business corporation	Farmer cooperative
Percent				
North Atlantic	42	17	37	4
North Central	61	20	11	8
South Atlantic	32	15	49	4
South Central	55	23	18	4
Mountain	53	23	21	3
Pacific	64	22	13	1
United States	58	20	17	5

Patronage

Approximately 6.5 million people were patronizing locker and freezer provisioning establishments as of January 1960 (table 6). This represented an increase of almost 1.5 million or 28 percent in 5 years, and more than a 10-fold increase since 1940 (figure 4). In 1959 the industry served nearly one out of every seven families in the United States.

The average number of patrons per firm was 653 -- a 37 percent increase over the average number in 1955. The greater percentage increase in average

number of patrons over total number of patrons resulted from the large increase in total number of patrons in the industry while the number of firms decreased.

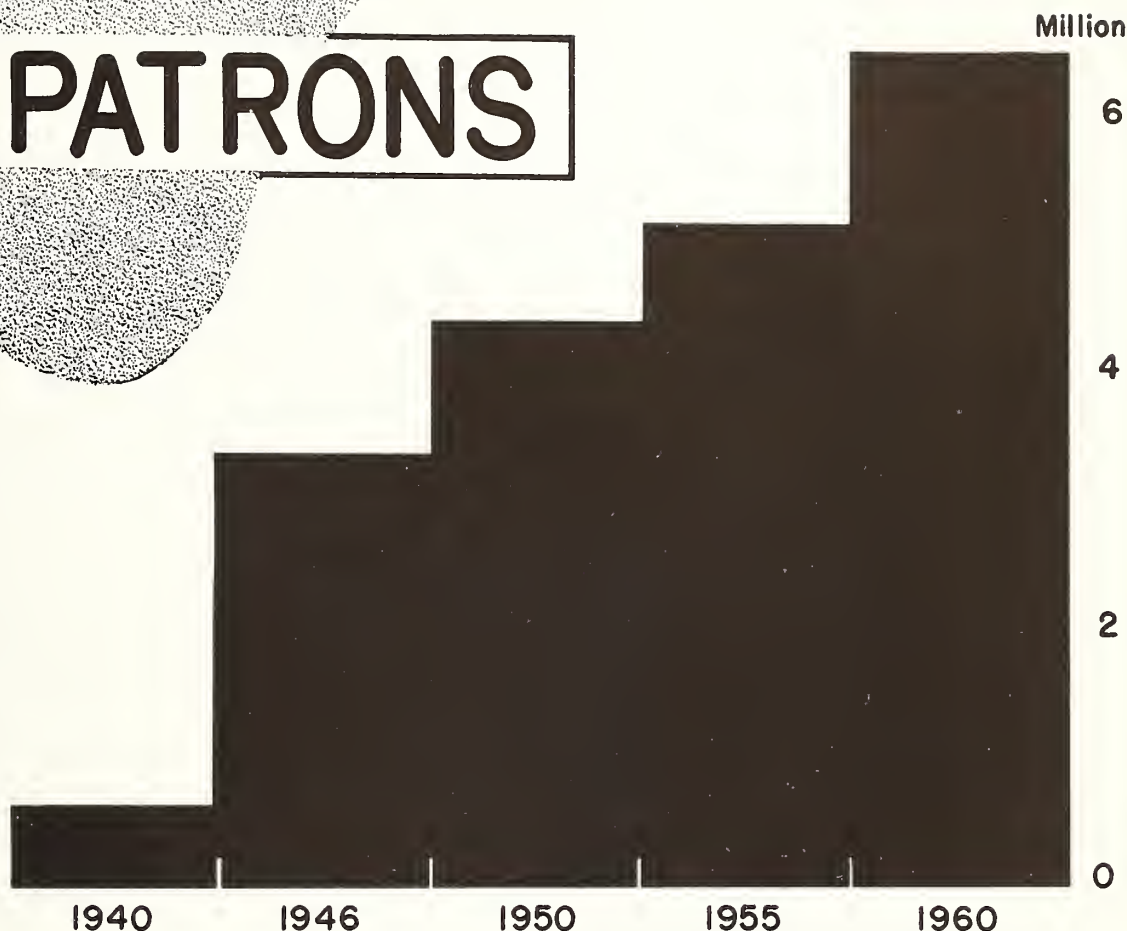
Locker and freezer provisioners in the South Atlantic Region served more patrons per firm than firms in any other region. The North Atlantic Region, however, showed the biggest growth in average number of patrons served per firm. From 1955 to 1960 this region increased its average by 233 patrons. The average of the Pacific Region increased the least (140 patrons).

Table 6. - *Average number of patrons per firm and estimated total number of patrons, by regions, January 1955 and 1960*

Region	Patrons			
	Average per firm		Estimated total	
	1955	1960	1955	1960
North Atlantic	553	786	414,000	555,000
North Central	434	603	2,448,000	3,139,000
South Atlantic	758	948	349,000	402,000
South Central	592	801	687,000	867,000
Mountain	445	623	406,000	531,000
Pacific	455	595	743,000	954,000
United States	478	653	5,047,000	6,448,000

Figure 4

PATRONS



Firms in small towns served fewer patrons per firm than those in larger communities. Firms in towns of 1,000 or less population served an average of 358 patrons compared with an average of 1,173 for firms in cities of over 25,000 people. Thus the latter firms served more than three times as many patrons per firm as the former ones (table 7).

Although firms in towns of over 25,000 population made up only 14 percent of the industry, they served one-fourth of the patrons. Conversely, firms in towns of 1,000 people or less constituted 36 percent of the industry but served only one-fifth of the patrons.

More than half the firms served fewer than 500 patrons each. In the Pacific

Table 7. - *Estimated number of firms, average number of patrons per firm, and total number of patrons, by size of town, January 1960*

Population of town	Number of firms	Patrons	
		Average per firm	Total
1,000 and under	3,607	358	1,290,000
1,001 - 2,000	1,638	590	966,000
2,001 - 5,000	1,466	645	946,000
5,001 - 10,000	916	916	839,000
10,001 - 25,000	868	908	788,000
Over 25,000	1,380	1,173	1,619,000
United States	9,875	653	6,448,000

Region 62 percent of the firms served fewer than 500 patrons each while, at the other end of the range, 13 percent of the firms in the South Atlantic Region each served 2,000 patrons or more (table 8).

These data indicated an upward trend in both average and total numbers of patrons served by the locker and freezer provisioning industry.

Employment

Total employment in the locker and freezer provisioning industry at the beginning of 1960 was estimated at 46,600 (table 9). Firms in the North Central Region employed almost half of these people while those in the Mountain Region

employed only 7 percent. The reason for this big difference was mainly the much greater number of firms in the North Central Region.

Firms in the North Central, Mountain, and Pacific Regions employed an average of four employees. The South Atlantic Region had the highest average -- nine employees per firm.

Employment opportunities in locker and freezer provisioning firms help strengthen the economics of communities in which the firms are located. Experience indicates that as these organizations expand the scope of their businesses beyond custom services, employment opportunities grow.

Table 8. - *Percentage of firms serving specified numbers of patrons, by regions, January 1960*

Patrons	Regions						
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	United States
Percent							
Under 500	57	58	38	41	57	62	55
500 - 999	27	28	29	33	23	20	27
1,000 - 1,499	6	7	9	12	10	8	8
1,500 - 1,999	3	3	11	6	5	1	4
2,000 and over	7	4	13	8	5	9	6
Total	100	100	100	100	100	100	100

Table 9. - *Average and total number of people employed per firm during pay period which included January 15, 1960, by regions*

Region	Average number of people employed	Total number of people employed
North Atlantic	8	5,700
North Central	4	20,800
South Atlantic	9	3,800
South Central	6	6,500
Mountain	4	3,400
Pacific	4	6,400
United States	5	46,600

Storage Capacity and Use

Frozen food locker firms provided almost all the zero storage capacity available to consumers in the mid-1940's. Tremendous growth in number of home-freezers since then has made available to consumers a much larger amount of zero storage space in the home. This development has brought about major adjustments in operating methods of locker and freezer provisioning firms.

Net Zero Storage

Net zero storage space in frozen food lockers and homefreezers came to an estimated 213 million cubic feet in January 1960. This was an increase of almost 50 percent since 1955 (figure 5).

The division of space between locker and homefreezers also changed greatly between 1955 and 1960. In 1955, lockers accounted for 40 percent of the net zero space while homefreezers accounted for 60 percent. By 1960, homefreezers accounted for 75 percent of net zero space while that in lockers dropped to 25 percent.

In January 1960, the net storage space of lockers and homefreezers combined

was capable of holding approximately 6.4 billion pounds of frozen foods at one time. This capacity was almost equivalent to the entire United States output of commercial frozen food for 1959.

Gross Refrigerated Space

Gross refrigerated space in the locker and freezer provisioning industry came to an estimated 158 million cubic feet in 1960 (table 10). This was an increase of about 8 million cubic feet since 1955.

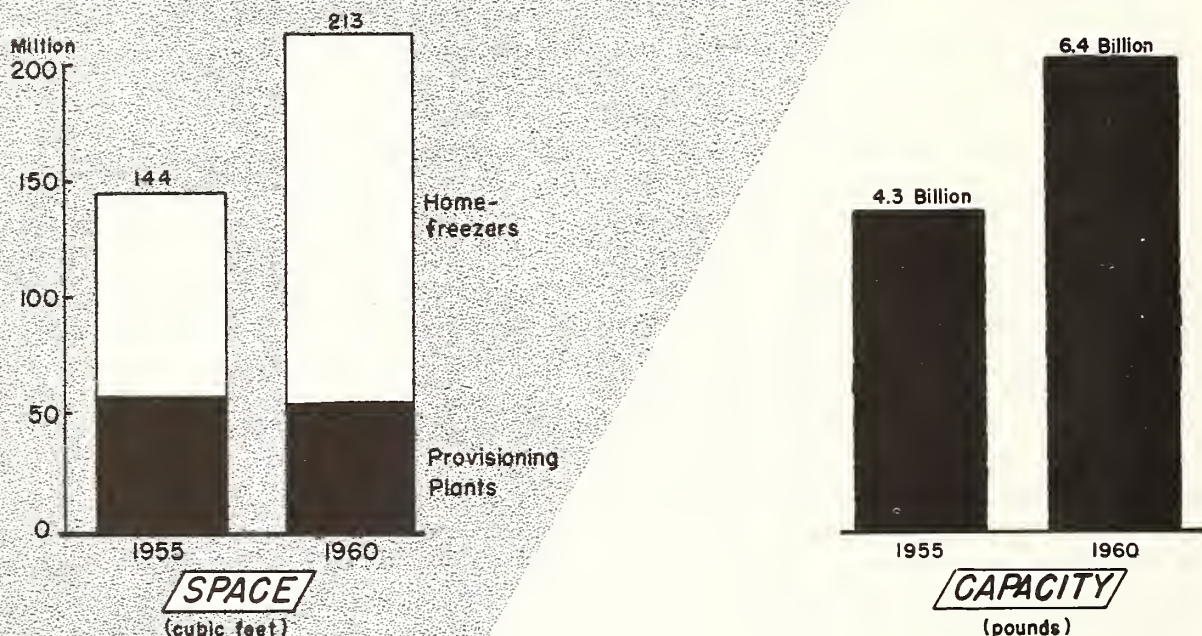
Sixty-four percent of this space was in zero storage rooms and 36 percent in 32° to 50° rooms. The North Central Region accounted for almost half of the total space while the South Atlantic accounted for the least amount. The North Atlantic Region had a one to one ratio of zero degree space to 32° - 50° space. At the other extreme the Pacific Region showed a ratio of almost three to one.

Locker Capacity, Installed, and Rented

Average locker capacity of frozen food locker plants changed very little

Figure 5

NET ZERO STORAGE SPACE AND CAPACITY (On Locker and Freezer Provisioning Plants and Homefreezers)



from 1950 to 1960. Average number of lockers installed, however, dropped 12 percent. This was because a number of operators took lockers out to provide much needed storage space to hold inventories of frozen foods and homefreezer patrons' orders. The trend of removing lockers will probably continue because of plants' needs for bulk piling space and the decline in locker rentals.

The average number of lockers rented dropped 43 percent between 1950 and 1960, or a decline from 4.4 million to 2.5 million lockers.

As of January 1960, the number of lockers installed averaged 404 per plant. Of these, 279 or 69 percent were rented. Amounts varied by regions (table 11).

All regions registered a decline in percentage of lockers rented of lockers installed between 1955 and 1960. Nevertheless, locker rentals were an important source of income to locker operators. For instance, an average of 279 lockers multiplied by an average rental rate of \$13.39 amounts to \$3,736 per plant. In terms of gross income, this was equivalent to the sale of 6,226 pounds of beef at 60

Table 10. - *Estimated volume of gross refrigerated space in locker and freezer provisioning plants, by regions, January 1960*¹

Region	Gross refrigerated space		
	Zero degree rooms	32° - 50° rooms	Total refrigerated space
<i>Million cubic feet</i>			
North Atlantic	8	8	16
North Central	48	24	72
South Atlantic	6	5	11
South Central	10	8	18
Mountain	10	5	15
Pacific	19	7	26
United States	101	57	158

¹Based on reports from 2,638 firms.

cent a pound. The difference in net income between these two activities would have been substantial and favored locker rentals.

Not all plants had the same opportunities to rent lockers. Some firms had no lockers while others had many. Table 12 gives an indication of the size of plants measured in terms of the number of lockers that could be installed.

Standby Power Equipment

Many firms do not consider the need for standby power equipment until an emergency arises. The consequences of this approach can be serious. Operators in the North Atlantic Region can speak of this from first-hand experience. A few years ago some of them were left without regular electric power for as long as several weeks because of a

Table 11. - *Average locker capacity, lockers installed, lockers rented, and percentage rented per plant, by regions, January 1960, and U. S. averages, January 1955 and January 1960*

Region	Lockers			Percentage of lockers rented of -	
	Average plant capacity	Average installed	Average rented	Locker capacity	Lockers installed
North Atlantic	543	407	273	50	67
North Central	447	381	267	60	70
South Atlantic	594	441	306	52	69
South Central	513	438	289	56	66
Mountain	527	427	300	57	70
Pacific	525	430	294	56	68
United States - 1960	489	404	279	57	69
1955	495	433	340	69	78

Table 12. - *Percentage of frozen food locker and freezer provisioning firms with specified locker capacity, by regions, January 1960, and U. S. averages, January 1955 and January 1960*

Region	Locker capacity							
	None ¹	Under 200	200 - 399	400 - 599	600 - 799	800 - 999	1,000 and over	All firms
Percent								
North Atlantic	20	14	18	19	11	6	12	100
North Central	8	15	35	22	10	4	6	100
South Atlantic	12	6	21	26	19	5	11	100
South Central	12	9	28	26	11	5	9	100
Mountain	8	21	29	17	9	6	10	100
Pacific	7	21	28	15	11	6	12	100
United States - 1960	9	15	31	21	11	5	8	100
1955	0	16	34	23	12	6	9	100

¹These percentages represent firms that had never installed lockers and, therefore, had had no experience from which to estimate the number of lockers their plants would hold.

hurricane. Some met this emergency by setting up portable generators, others met it by running their refrigeration compressors with a belt from the power take-off of a tractor or back wheel of a car; others were wholly unprepared.

Firms participating in this study were asked to indicate whether or not they had available or had arranged for standby power equipment in case of a national emergency. The accompanying tabulation shows the percentage of firms reporting

that answered the question in the affirmative.

Region	Percentage of firms with standby equipment
North Atlantic	25
North Central	19
South Atlantic	15
South Central	21
Mountain	18
Pacific	14
United States	19

Sales of Products and Services

Dollar volume of business is an important indication of the economic vigor of a firm. Managers constantly use it as a basic factor in making decisions. Is dollar volume of business high enough to achieve optimum operation? What shares do various parts of the business contribute to dollar volume? Should a particular activity be dropped because

its dollar volume is small? Is dollar volume of business adequate to support a proposed financial program?

Dollar volume of business of the industry is also an important measure of size. Managers use it in appraising industry direction and what they may anticipate for their own firm; they use

it to explain their industry to outsiders; and they use it to evaluate other firms in the industry.

Total Industry Sales

Total industry sales for 1959 amounted to \$845 million as shown in the accompanying tabulation.

<u>Region</u>	<u>Sales volume</u> (<i>Million dollars</i>)
North Atlantic	138
North Central	339
South Atlantic	53
South Central	104
Mountain	68
Pacific	143
	—
United States	845

The North Central Region accounted for 40 percent of the total which was more than the next two highest regions - North Atlantic and Pacific - combined. The South Atlantic accounted for the least amount - 6 percent.

Total industry sales were composed of sales of custom services, meats, other

frozen foods, homefreezers, and miscellaneous. Of this total, sales of meats and other frozen foods accounted for \$550 million or 65 percent. This was double the total industry sales for like items for 1954.

Homefreezers, custom services, and miscellaneous accounted for the remaining 35 percent of 1959 industry sales (table 13). Sale of homefreezers was the second largest source of income.

The North Atlantic Region provided little in the way of custom services. Instead it emphasized the sale of meat and poultry, other frozen foods, and homefreezers. In the North Central Region, custom services accounted for one-fifth of total sales.

The importance of homefreezer sales varied among regions. In four regions, homefreezer sales accounted for about one-fifth of total sales. Freezer sales accounted for only one-tenth of total sales in the North Central Region but one-third of sales in the Pacific Region. The significant point here is the emphasis the Pacific Region placed on selling homefreezers as a source of income.

Table 13. - *Percentage of total sales volume derived from indicated sources, by regions, 1959*

Region	Custom services	Meat and poultry	Other frozen foods	Home-freezers	Other	Total
<i>Percent</i>						
North Atlantic	4	61	13	21	1	100
North Central	20	58	8	11	3	100
South Atlantic	14	53	7	23	3	100
South Central	17	54	6	21	2	100
Mountain	15	54	11	17	3	100
Pacific	10	51	6	32	1	100
United States	14	56	9	19	2	100

Average Firm Sales

Average sales per firm for 1959 were \$85,500. Composition of these sales are shown in the accompanying tabulation.

<u>Source</u>	<u>Amount</u>
Meat and poultry	\$47,900
Other frozen food	7,700
Homefreezers	16,200
Custom services	12,000
Miscellaneous	1,700
All sources	85,500

Sale of meat and poultry accounted for a large share of average firm sales. The three general sales outlets for meat and poultry were: (1) Bulk quantities to locker and freezer patrons, (2) retail cuts over a meat counter in the plant to customers; and (3) wholesale to institutions, restaurants, and the like. The proportion of meat sold through each of these three general sales outlets varied from one region to another and reflected the somewhat different sales emphases (table 14).

The North Atlantic Region stressed bulk sales to locker and freezer patrons. The Mountain Region also pushed bulk

sales to locker and freezer patrons but depended heavily upon sales to institutions and, to a lesser degree, retail cuts over a meat counter. The South Atlantic sold the smallest proportion of meat in retail cuts over a meat counter.

Nationally, 65 percent of the meat and poultry was sold in bulk quantities to locker and freezer patrons. The institutional trade accounted for 22 percent, and the remaining 13 percent was sold in retail cuts over a meat counter in the locker or freezer provisioning plant.

We examined the sales figures further in relation to the number of patrons served. This relation is shown on a regional basis in the accompanying tabulation.

<u>Region</u>	<u>Average sales per patron</u>
North Atlantic	\$249
North Central	108
South Atlantic	132
South Central	120
Mountain	128
Pacific	150
United States	131

Table 14. - *Percentage of meat and poultry sold through specified sales outlets, by regions, 1959*

<u>Region</u>	<u>Bulk quantities to locker and freezer patrons</u>	<u>Retail cuts over meat counters in the plant</u>	<u>Institutions, restaurants, and similar organizations</u>
<u>Percent</u>			
North Atlantic	79	11	10
North Central	57	18	25
South Atlantic	65	6	29
South Central	60	11	29
Mountain	56	14	30
Pacific	72	10	18
United States	65	13	22

Table 15. - *Percentage of locker and freezer provisioning firms with specified sales volume, by regions, 1959*

Region	Sales volume range							
	Under \$10,000	\$10,000 - 24,999	\$25,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	\$500,000 and over
<i>Percent</i>								
North Atlantic	18	14	17	9	8	12	12	10
North Central	21	24	23	12	6	9	4	1
South Atlantic	8	18	23	10	9	18	11	3
South Central	19	20	22	10	6	11	8	4
Mountain	30	19	12	10	5	13	8	3
Pacific	27	14	17	12	7	11	9	3
United States	22	20	20	11	6	11	7	3

Average sales of goods and services amounted to \$131 per patron in 1959. This was approximately equivalent to one average reorder per patron in a year. This implies that many firms had an opportunity to do a much better job of promoting sales, that is, stimulating repeat business.

The foregoing tabulation indicates that the firms of the North Atlantic Region on the average put greater emphasis on selling than did firms in other regions. Average sales per patron of firms in the

North Atlantic were \$100 above the next highest (Pacific), \$140 above the lowest (North Central), and almost double the industry average.

Sales Volume Classifications

Sales volumes among firms in the locker and freezer provisioning industry ranged from less than \$1,000 to about \$8 million. The majority had under \$50,000 in sales. Three percent had sales of \$500,000 or more (table 15).

Table 16. - *Percentage of locker and freezer provisioning firms having specified sales volume, by size of town, 1959*

Size of town	Sales volume range							
	Under \$10,000	\$10,000 - 24,999	\$25,000 - 49,999	\$50,000 - 74,999	\$75,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	\$500,000 and over
<i>Percent</i>								
1,000 or under	35	26	18	8	5	6	2	(1)
1,001 - 2,000	20	23	26	13	6	7	4	1
2,001 - 5,000	16	23	25	13	8	9	5	1
5,001 - 10,000	11	13	26	17	6	17	9	1
10,001 - 25,000	12	15	20	14	9	16	10	4
Over 25,000	10	11	13	9	7	18	20	12
Total	22	20	20	11	6	11	7	3

¹Less than 0.5 percent.

Ten percent of the firms in the North Atlantic Region had sales of \$500,000 or more compared with 1 percent in the North Central Region. One-third of the firms in the North Atlantic and South Atlantic Regions had sales of \$100,000 or more. In contrast, almost one-third of the firms in the Mountain Region had under \$10,000 in sales.

Size of town had an impact on sales volume (table 16). Thirty-five percent of the firms in towns of 1,000 or less population had under \$10,000 in sales. Only 2 percent of them had sales of \$200,000 or more. Ten percent of the firms in cities of over 25,000 people had under \$10,000 in sales while 32 percent had sales of \$200,000 or more.

Processing Volume

Processing volume directly affects the degree of efficiency a freezer provisioner can attain. To gain optimum efficiency, and thereby reduce unit costs, operators need to know the capacity of their plant and equipment and then strive to achieve optimum volume consistent with this capacity.

Optimum processing capacity of the locker and freezer provisioning industry is not known. Information is available, however, on the volume of products processed during certain years. This information pertains to cutting, wrapping, and freezing meat and poultry; slaughtering

livestock; dressing poultry; and curing pork.

Meat and Poultry

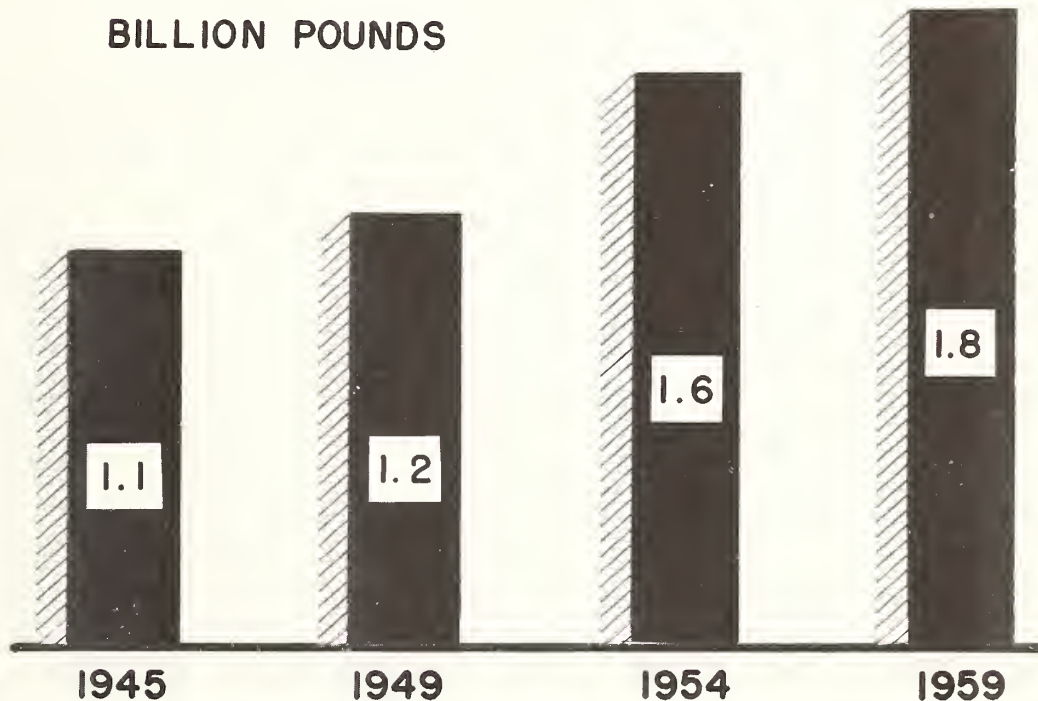
During 1959 the locker and freezer provisioning industry processed -- cut, wrapped, and froze -- approximately 1.8 billion pounds of meat and poultry (table 17). Firms in the North Central Region accounted for over half the total. The South Atlantic Region accounted for the least. The volume of meat and poultry processed by the locker and freezer provisioning industry increased steadily from 1945 to 1959 (figure 6).

Table 17. - Estimated number of locker and freezer provisioning firms with processing facilities and estimated total pounds of meat and poultry processed by regions, 1954 and 1959

Region	Firms		Total pounds processed	
	1954	1959	1954	1959
	Number		Millions	
North Atlantic	612	581	101	177
North Central	5,218	4,839	873	942
South Atlantic	439	390	120	115
South Central	1,112	1,049	236	231
Mountain	809	761	118	127
Pacific	1,232	1,210	163	202
United States	9,422	8,830	1,611	1,794

Figure 6

MEAT PROCESSED



The industry processed an average of 203,300 pounds of meat and poultry per firm during 1959. This was an increase of 21 percent over 1954 (table 18). The percentage increase of 1959 over 1954 varied greatly by region. The North Atlantic Region showed the most dramatic increase - 90 percent. This is explained largely by the entrance of a number of relatively big meat packing plants into freezer provisioning in the northeast.

Average processing volume increased 28 percent between 1954 and 1959 in the Pacific Region but was still 36,100 pounds under the national average. On the other hand, the average increased only 5 percent in the South Central Region but was still 17,200 pounds above the national average.

Thirty-seven percent of the firms processed less than 100,000 pounds of meat and poultry (table 19). Half of the

Table 18. - Average pounds of meat and poultry processed by firms having access to processing facilities and percent increase, by regions, 1954 and 1959

Region	Years		Increase from 1954 to 1959
	1954	1959	
	Pounds		Percent
North Atlantic	159,800	304,300	90
North Central	163,700	194,700	19
South Atlantic	264,900	295,600	12
South Central	209,500	220,500	5
Mountain	144,100	166,800	16
Pacific	130,500	167,200	28
United States	167,600	203,300	21

firms of the Pacific Region processed under 100,000 pounds. In fact, one-fourth of them processed less than 25,000 pounds. The South Atlantic had the smallest percentage of firms processing less than 100,000 pounds and the largest percentage processing 400,000 pounds or more.

Here again size of town showed a direct relationship. On the average, firms in progressively larger communities processed larger amounts of meat and

poultry as shown in the accompanying tabulation.

Size of town	Average pounds of meat and poultry per firm
1,000 or under	132,800
1,001 - 2,000	194,400
2,001 - 5,000	202,600
5,001 - 10,000	246,800
10,001 - 25,000	317,400
Over 25,000	354,100
United States	203,300

Table 19. - Percentage of frozen food locker and freezer provisioning firms that processed specified volumes of meat and poultry by regions, 1959

Volume of meat processed	Region						United States
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	
1,000 pounds							
				Percent			
Under 25	5	9	3	11	9	24	10
25 - 49	15	8	7	8	19	10	10
50 - 74	14	9	9	8	10	10	9
75 - 99	10	8	7	8	8	5	8
Total under 100	44	34	26	35	46	49	37
100 - 199	29	29	19	26	20	23	27
200 - 299	7	19	20	13	12	10	16
300 - 399	5	9	9	12	11	7	9
400 and over	15	9	26	14	11	11	11
Total	100	100	100	100	100	100	100

Livestock Slaughter

An estimated 2.8 million head of livestock was slaughtered during 1959, the same as during 1954. However, the ratio between cattle and hogs slaughtered changed. In 1954, slaughter volume was equally divided between cattle and hogs - 1.4 million head each. In 1959, hog volume increased to 1.7 million head while cattle volume dropped to 1.1 million.

A part of the explanation for this shift in volume lies in the shift in livestock prices. Cattle prices were low relative to hog prices in 1954 so farmers slaughtered cattle for home consumption and sold hogs. By 1959 cattle prices had recovered but hog prices dropped. Therefore, farmers slaughtered and ate hogs and sold cattle.

Firms slaughtering livestock averaged 801 head each during 1959 (table 20). The average ranged from 673 in the Mountain Region to 1,478 in the South Atlantic Region. All regions except the Pacific butchered more hogs than cattle. The South Atlantic butchered more than three times as many hogs as cattle. Conversely, the Pacific Region slaughtered almost twice as many cattle as hogs.

Sheep and lambs accounted for a very small part of slaughter volume. The North Central Region greatly affected the national sheep and lamb average because of its low average per firm and large number of firms. The North Atlantic Region slaughtered more sheep and lambs on the average than any other region.

Table 21 shows the level of average slaughter volume for the years 1949, 1954, and 1959. Slaughter of sheep and lambs showed a steady upward trend while slaughter of cattle and hogs fluctuated widely.

Thirty-seven percent of the firms with slaughter facilities butchered less than 200 head of cattle and calves during 1959. Percentage varied by regions (table 22). The Pacific led all the other regions with 16 percent of its firms slaughtering 1,200 or more head of cattle and calves. Only 2 percent of the firms in the North Central Region slaughtered 1,200 head or more.

Half the firms with slaughter facilities butchered less than 400 hogs (table 23). In the Pacific Region almost three-fourths of the firms slaughtered under 400 hogs; 23 percent slaughtered no hogs at all. The South Central Region was just about

Table 20. - Average number of livestock slaughtered per firm operating slaughtering facilities, by species and region, 1959

Region	Species of livestock slaughtered			
	Cattle and calves	Hogs	Sheep and lambs	Total
North Atlantic	449	670	66	1,185
North Central	258	417	10	685
South Atlantic	316	1,129	33	1,478
South Central	519	617	24	1,160
Mountain	305	306	62	673
Pacific	630	378	57	1,065
United States	313	470	18	801

Table 21. - Average number of livestock slaughtered by firms with livestock slaughter facilities, by species and specified years

Specie	Years		
	1949	1954	1959
Cattle and calves	238	407	313
Hogs	433	402	470
Sheep and lambs	12	16	18
Total	683	825	801

the opposite -- 85 percent butchered 400 head or more and 23 percent butchered 2,000 or more.

Average number of poultry dressed by firms operating poultry dressing facilities in 1959 was as follows:

Poultry Dressing

Poultry dressing volume dropped about 40 percent between 1954 and 1959 - 8.8 million head to 5.1 million. Two reasons help explain this: (1) Custom dressing dropped because of the decline in number of farm flocks, and (2) dressing for sale declined because of competition from specialized poultry processors.

Regions	Average head dressed
North Atlantic	2,200
North Central	2,800
South Atlantic	8,700
South Central	3,200
Mountain	2,300
Pacific	300
United States	3,400

Table 22. - Percentage of locker and freezer provisioning firms with livestock slaughter facilities that slaughtered specified volumes of cattle and calves, by regions, 1959

Specified slaughter volume	Region						United States
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	
<i>Head</i>							
None ¹	(2)	1	(2)	1	(2)	2	1
Under 200	44	41	35	16	42	31	37
200 - 399	29	36	23	23	20	21	33
400 - 599	12	13	23	21	14	23	14
600 - 799	7	3	8	17	8	3	6
800 - 999	(2)	3	5	6	7	4	3
1,000 - 1,199	3	1	(2)	5	5	(2)	2
1,200 and over	5	2	6	11	4	16	4
Total	100	100	100	100	100	100	100

¹Firms slaughtered hogs but no cattle.
²Less than 0.5 percent.

Table 23. - *Percentage of locker and freezer provisioning firms with livestock slaughter facilities that slaughtered specified volumes of hogs, by region, 1959*

Specified slaughter volume	Region						United States
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	
<i>Head</i>	<i>Percent</i>						
None ¹	15	1	(2)	2	8	23	2
Under 200	26	20	8	19	37	25	21
200 - 399	13	30	7	27	22	25	27
400 - 599	13	22	14	13	9	(2)	19
600 - 799	7	12	5	9	13	12	11
800 - 999	3	6	8	9	(2)	(2)	6
1,000 - 1,499	8	5	21	8	6	(2)	6
1,500 - 1,999	3	1	14	7	1	3	3
2,000 and over	12	3	23	6	4	12	5
Total	100	100	100	100	100	100	100

¹Firms slaughtered cattle but no hogs.

²Less than 0.5 percent.

Curing Pork

Locker and freezer provisioners cured 135 million pounds of pork during 1959, an increase of about 5 percent over 1954 but still 12 percent short of the 1949 total shown in the accompanying tabulation.

Year	Millions of pounds cured
1949	151
1954	129
1959	135

Average pounds of pork cured per firm increased 26 percent between 1954 and 1959 (table 24). This resulted from both an increase in total pork cured and a decrease in number of firms curing.

Average curing volume increased in all regions except the South Central which remained unchanged from 1954. Firms in the Pacific Region made the biggest percentage increase, but, even so, the South Atlantic firms averaged almost five times as much.

Table 24. - *Average number of pounds of pork cured by firms curing by regions, 1954 and 1959*

Region	Average pounds cured per firm	
	1954	1959
1,000		
North Atlantic	21	31
North Central	18	21
South Atlantic	69	100
South Central	32	32
Mountain	20	31
Pacific	14	22
United States	23	29

Estimated number of locker and freezer provisioning firms curing pork dropped from 5,560 in 1954 to 4,650 in 1959.

Processing and Merchandising Operations

Vitality of the locker and freezer provisioning industry springs largely from the manner in which operators have continued to add new and expand old processing and merchandising services. Trends and levels of activities discussed in this section will help managers appraise changes more readily and adjust their own operations accordingly.

Processing

Locker and freezer provisioning firms both custom processed and processed for sale. The percentage of firms performing each of the various processing functions varied widely (tables 25 and 26).

Eighty-nine percent of the firms cut, wrapped, and froze meat. South Central was highest (97 percent) and Pacific lowest (75 percent).

About half the firms cured pork but there was a wide spread between the

highest and lowest regions. The South Atlantic was highest (73 percent) and the Pacific lowest (24 percent).

The trend in percentage of locker and freezer provisioning firms curing pork has been downward since 1950. In that year, 57 percent of the firms cured pork. Although the percentage of firms curing pork declined, the percentage curing pork for sale increased. Thirty-four percent of the firms cured pork for sale in 1960, an increase of 8 percent since 1955.

The percentage of firms slaughtering livestock increased from 27 to 36 percent between 1950 and 1960. In the latter year about half the firms of the North Central Region slaughtered livestock compared with less than one-tenth of those in the Pacific Region.

Slaughtering for sale showed a moderate increase between 1955 and 1960. In 1960 about one out of four firms with

Table 25. - *Percentage of locker and freezer provisioning firms that offered specified custom processing services, by regions, January 1960*

Region	Custom processing services			
	Chill, cut, wrap, and freeze meat	Cure and smoke pork	Slaughter livestock	Dress poultry
Percent				
North Atlantic	82	30	12	9
North Central	93	54	49	18
South Atlantic	91	73	32	31
South Central	97	59	44	21
Mountain	89	33	21	10
Pacific	75	24	7	2
United States	89	47	36	15

Table 26. - *Percentage of locker and freezer provisioning firms engaged in selected commercial operations, by regions, January 1960*

Region	Commercial operations				
	Buy livestock for slaughter and resale	Produce cured meats for sale	Produce pork sausage for sale	Produce portion control meats ¹	Process inedible offal
Percent					
North Atlantic	9	26	37	11	2
North Central	34	41	45	13	3
South Atlantic	28	51	50	13	1
South Central	34	35	51	14	3
Mountain	22	25	40	17	3
Pacific	4	17	30	8	2
United States	26	34	42	12	3

¹Individual meat servings of equal weight.

slaughter facilities purchased livestock for slaughter and resale.

The percentage of firms dressing poultry dropped 5 points between 1955 and 1960-20 to 15 percent. The South Atlantic Region led with 31 percent and the Pacific trailed with 2 percent of its firms dressing poultry.

In 1960, 42 percent of the locker and freezer provisioning firms produced pork sausage for sale. This represented an 8-point rise since 1955.

Production of portion-control meats (individual meat servings of equal weight) was new to the locker and freezer provisioning industry, yet 12 percent of the industry produced them in 1960. The Mountain Region showed the highest proportion and the Pacific Region the lowest.

Only 3 percent of the industry processed inedible offal.

Merchandising

Merchandising plays an increasingly important role in locker and freezer

provisioning. Operators are constantly seeking merchandising methods and techniques that will help improve their business performance. This section provides operators with information on the more important merchandising activities in this industry.

Table 27 shows by regions the percentage of locker and freezer provisioning firms engaged in selected merchandising activities. About half the firms in the industry sold packer slaughtered meats in wholesale cuts and frozen food packed by other plants. Compared with 1955, the percentage of firms selling packer meat in wholesale cuts did not change; and the percentage selling frozen food packed by other plants dropped 3 points.

Thirty-one percent of the firms financed or arranged financing for 60 days or more for bulk food purchases, double the percentage of firms providing this service in 1955. This sharp rise in food financing implied favorable reception by patrons.

Among those firms financing meat, considerable variations existed in the

Table 27. - *Percentage of locker and freezer provisioning firms engaged in selected merchandising operations, by regions, 1960*

Merchandising activity	Region						
	North Atlantic	North Central	South Atlantic	South Central	Mountain	Pacific	United States
	Percent						
Sell packer slaughter meat in wholesale cuts	58	56	56	46	57	46	54
Sell frozen food packed by other plants	63	50	58	48	59	48	51
Finance or arrange financing for 60 days or more for bulk food purchases	39	28	37	36	39	32	31
Provide food delivery service	37	20	34	36	35	22	25
Sell frozen meat on net-weight basis	31	22	28	26	21	21	23
Sell frozen meat in pre-packed meat boxes or bundles	27	18	28	23	21	19	20
Sell homefreezers	26	11	22	19	17	15	14
Maintain inventory of frozen retail meat cuts to fill orders	20	12	20	14	13	12	13
Include dry groceries in freezer provisioning operation	15	13	9	10	13	14	10
Charge a membership fee in a freezer provisioning operation	3	3	9	8	6	3	4

portion of meat sales financed. Nearly half the firms financed less than 30 percent of their total meat sales, about one-fifth financed from 30 to 59 percent, while one-third financed 60 percent or more.

Firms in the North Atlantic Region that provided financing generally financed a greater portion of their meat sales than

similar firms in other regions. About two-thirds of these North Atlantic firms financed 60 percent or more of their meat sales while only one-fifth of this type firm in the North Central Region financed 60 percent or more of their meat sales. In the other four regions, only one-tenth to one-sixth of the financing firms financed 60 percent or more of meat sales.

Rental and Processing Rates

Revenue from locker rentals and custom processing continued to provide a substantial part of total revenue in many locker plants. Rental rates for lockers were usually on an annual basis but more and more plants were posting rates for shorter periods, such as \$1.50 a month. Custom rates for processing meat, curing pork, and rendering lard were generally on a pound basis; and on a per head basis for slaughtering live-stock and dressing poultry.

Annual rental rates for lockers varied widely among regions as the accompanying tabulation shows.

Region	Average annual rental rate	
	1955	1960
North Atlantic	\$15.22	\$15.43
North Central	12.86	12.97
South Atlantic	16.28	16.51
South Central	14.50	14.56
Mountain	13.50	13.54
Pacific	12.00	12.06
United States	13.28	13.39

Locker Rentals

Annual rates for renting lockers increased moderately over 20 years as shown in the accompanying tabulation.

Year	Average annual rental rate
1941	\$9.76
1946	11.38
1950	12.97
1955	13.28
1960	13.39

Of the \$3.63 rise from 1941 to 1960, almost 90 percent occurred between 1941 and 1950. From 1950 to 1960, rates only rose an average of 42 cents.

Processing Rates

The trend in processing rates was steadily upward from 1941 to 1960 (table 28). During these 19 years, rates for cutting, wrapping, and freezing beef and curing pork increased \$3 a hundred pounds. The biggest percentage increase in cut, wrap, and freeze rates came between 1941 and 1946 (55 percent). During this same period curing rates also showed the greatest increase (38 percent). The overall percentage increase in processing rates was closely related to the percentage increase in average hourly wage rates for production work in the food trade.

Table 28. - Average processing rates for selected years, 1941-1960

Year	Rate per 100 pounds to -		
	Cut, wrap, freeze, and grind beef	Cut, wrap, and freeze beef	Cure and smoke pork
1941	(1)	\$1.30	\$3.98
1946	\$2.37	2.01	5.48
1950	3.27	2.87	5.86
1955	4.28	3.65	6.32
1960	5.13	4.32	6.98

¹Not available.

Table 29. - Average processing rates, by regions, January 1960

Region	Rate per 100 pounds to -		
	Cut, wrap, freeze, and grind beef	Cut, wrap, and freeze beef	Cure and smoke pork
North Atlantic	\$6.39	\$5.31	\$8.28
North Central	4.65	3.96	6.81
South Atlantic	6.03	5.49	7.13
South Central	5.12	4.57	6.27
Mountain	5.15	4.91	7.12
Pacific	5.85	5.13	8.24
United States	5.13	4.32	6.98

Processing rates varied among regions as much as \$2 a hundred (table 29). The North Atlantic Region had the highest average rate to cut, wrap, freeze, and grind 100 pounds of beef and the North Central Region the lowest -- a difference of \$1.74 a hundred. The North Central Region also had the lowest average rate to cut, wrap, and freeze beef -- \$1.53 a hundred below the highest rate; even 61 cents a hundred below the next to the lowest rate.

The biggest regional difference appeared in curing rates. The North

Atlantic charged the highest average rate to cure 100 pounds of pork (\$8.28) and the South Central the lowest (\$6.27) with a difference of \$2.01 a hundred between them.

Average rates in four of the six regions exceeded the industry average for all three types of processing. In fact, for one type -- cut, wrap, and freeze beef -- five out of six regions were above the industry average. This was because the relatively low rates and large number of firms in the North Central Region pulled the national average down.

Opportunities for Growth and Improvement

Information on trends in the industry will help management in making adjustments that offer opportunities for greater growth and for performing more efficient services to both producers and consumers.

The downward trend in number of firms depending upon locker rentals and custom processing will probably continue. Future growth will be in processing and merchandising food in bulk quantities to locker and homefreezer users and wholesaling to restaurants, institutions, and similar organizations. Opportunities for

continued growth are excellent because of an increasing population, rising standard of living, expanding use of home-freezers, increasing number of married women entering the labor force, discontent of some consumers with self-service shopping, and the increasing desire for the convenience of a variety of easily obtainable frozen foods in the home.

Opportunities for improving operating efficiencies are evident. An expanding market means more adequate usage of plant capacity and reduced unit costs.

Slaughtering, processing, and merchandising locally produced meat, poultry, and other foods can cut transportation, handling, and labor costs. Benefits of increased efficiencies will accrue to producers and consumers as well as to freezer provisioners.

Locker and freezer provisioners can capitalize on these opportunities if they will study their markets, their industry, and their own organization; adjust their operation to changing conditions; and continue to serve the varied needs of their patrons.

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